

## Message Text

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DRAFTED BY C:MNIMETZ:LGR  
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C O N F I D E N T I A L STATE 084794 TOSEC 030188

NODIS  
-STADIS//////////

E.O. 11652:GDS

TAGS:

SUBJECT: DRAFT TESTIMONY ON GREECE-TURKEY-CYPRUS SECURITY  
ASSISTANCE

REF: SECTO 3042.

1. THE FOLLOWING STATEMENT WAS PREPARED BY MATT NIMETZ  
AND REVISED BY HIM FOLLOWING HIS RETURN. IT HAS NOT  
BEEN FORMALLY CLEARED WITH NSC OR OTHER AGENCIES. THE  
DEPUTY SECRETARY READ AN EARLIER DRAFT BUT HAS NOT SEEN  
THIS ONE. AFTER YOU HAVE RESPONDED TO THIS APPROACH WE  
WILL PREPARE A BRIEF SUMMARY ORAL STATEMENT FOR YOU TO  
DELIVER.

2. BEGIN TEXT:

I AM PLEASED TO BE HERE TODAY TO REVIEW THE ADMINISTRA-  
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TION'S SECURITY ASSISTANCE PROPOSALS FOR GREECE, TURKEY  
AND CYPRUS FOR FY 1979, AND TO DISCUSS MORE GENERALLY  
UNITED STATES RELATIONS WITH THE COUNTRIES OF THE  
EASTERN MEDITERRANEAN. UNITED STATES POLICY IN THAT  
SENSITIVE AND VITAL REGION HAS SEVERAL FUNDAMENTAL GOALS.  
FIRST, TO STRENGTHEN OUR BILATERAL RELATIONSHIPS WITH  
TWO FIRM AND LONG-STANDING FRIENDS AND ALLIES -- GREECE  
AND TURKEY -- AND TO PROMOTE DEMOCRATIC VALUES, ECONOMIC  
DEVELOPMENT AND A WESTERN ORIENTATION IN THESE TWO  
COUNTRIES; SECOND, TO STRENGTHEN NATO'S SOUTHERN FLANK

IN THE REGION, THUS MAINTAINING ALLIED SECURITY INTERESTS IN THE EASTERN MEDITERRANEAN; AND THIRD, TO PROMOTE A SOLUTION TO THE CYPRUS PROBLEM SO THAT THE TWO CYPRIOT COMMUNITIES WILL PEACEFULLY LIVE TOGETHER WITHIN ONE NATION, COMPRISING A BIZONAL FEDERATION, WORKED OUT IN NEGOTIATIONS BETWEEN THE TWO COMMUNITIES UNDER UN AUSPICES.

ALL THREE OF THESE GOALS ARE EQUALLY IMPORTANT AND EACH IS DIFFICULT TO ACHIEVE. THEIR INTERRELATION MAKES THE TASK OF PURSUING THEM EVEN MORE DIFFICULT. HOWEVER, THERE IS NO DENYING THE IMPORTANCE OF MOVING FORWARD TO ACHIEVE ALL THESE GOALS, FOR THE CONSEQUENCES OF FAILURE ARE ENORMOUS.

#### BILATERAL RELATIONS

OUR FIRST GOAL IS TO STRENGTHEN BILATERAL RELATIONS WITH OUR TWO ALLIES, GREECE AND TURKEY. MUCH EFFORT HAS BEEN PUT INTO THESE RELATIONSHIPS IN THE PAST YEAR, BUT WE STILL HAVE A LONG WAY TO GO. THE CLIFFORD MISSION TO THE REGION IN THE FIRST WEEKS OF THE NEW ADMINISTRATION DEMONSTRATED THE HIGH PRIORITY WHICH THE ADMINISTRATION PLACED AND STILL PLACES ON RESTORING HEALTHY RELATIONSHIPS WITH OUR EASTERN MEDITERRANEAN FRIENDS.

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WITH RESPECT TO GREECE, WE HAVE WATCHED WITH ADMIRATION THE RETURN OF A FLOURISHING GREEK DEMOCRACY, THE ECONOMIC SUCCESSES OF GREECE, AND STEADY PROGRESS TOWARD GREEK ENTRY INTO THE EUROPEAN COMMUNITY. BECAUSE OF PRIME MINISTER CARAMANLIS' INTERNATIONAL STATURE AND THE DYNAMISM OF THE GREEK PEOPLE, WE BELIEVE GREECE CAN AND SHOULD PLAY A ROLE IN EUROPEAN AND WORLD AFFAIRS BEYOND THAT INDICATED BY ITS SIZE ALONE.

OUR BILATERAL RELATIONS WITH TURKEY HAVE ALSO BEEN ADDRESSED WITH GREAT SERIOUSNESS BY THIS ADMINISTRATION. FROM THE CLIFFORD MISSION, THE MEETING BETWEEN PRESIDENT CARTER AND PRIME MINISTER DEMIREL DURING THE LONDON SUMMIT IN JUNE, THE VISIT OF SECRETARY VANCE TO ANKARA THIS JANUARY AND THAT OF DEPUTY SECRETARY CHRISTOPHER LAST WEEK, AS WELL AS NUMEROUS OTHER HIGH-LEVEL MEETINGS, SOME PROGRESS WAS MADE TOWARD WORKING OUT A NEW RELATIONSHIP. WE BELIEVE THAT THE UNITED STATES MUST VIEW TURKEY FROM FRESH PERSPECTIVES, FOR THE RELATIONSHIP HAS MANY DIMENSIONS. WE HAVE TENDED IN THE PAST TO CONCENTRATE PRIMARILY ON COMMON SECURITY CONCERNS, AND THERE IS NO DOUBT THAT DEFENSE ISSUES DO AND WILL PLAY AN IMPORTANT PART IN OUR EVOLVING RELATIONSHIP. HOWEVER, TURKEY IS ALSO A MAJOR DEMOCRACY, WHOSE ROBUST PARLIAMENTARY SYSTEM, FREE PRESS AND STRONG SENSE OF NATIONAL IDENTITY PROVED EXTREMELY IMPORTANT IN THE PAST YEAR DURING WHICH THERE WERE THREE ORDERLY CHANGES OF GOVERNMENT AND A CONTINUING

ECONOMIC CRISIS OF MAJOR PROPORTIONS. TURKEY IS ALSO AN IMPORTANT DEVELOPING COUNTRY -- ONE OF THE FEW THAT HAS MAINTAINED THE MOMENTUM OF DEVELOPMENT WITHIN A STRONG DEMOCRATIC FRAMEWORK. TURKEY IS BOTH AN EUROPEAN AND AN ASIAN NATION. IT IS LIKELY TO HAVE A GROWING ROLE IN THE REGION AND THE WORLD AS MODERN ISSUES OF AN INTER-DEPENDENT NATURE BECOME EVER MORE IMPORTANT.

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THESE IMPORTANT ASPECTS OF OUR RELATIONSHIP WITH TURKEY HAVE BEEN OBSCURED BY THE EMBARGO PROVISIONS OF SECTION 620(X) OF THE FOREIGN ASSISTANCE ACT AND THE UNCERTAINTY CONCERNING OUR BILATERAL DEFENSE RELATIONSHIP. TO THE TURKS, WHATEVER THE DIFFERENCE BETWEEN OUR TWO COUNTRIES, WHATEVER DISAGREEMENTS WE MAY HAVE OVER CYPRUS, THE MAINTENANCE OF AN EMBARGO IS INCONSISTENT WITH REQUIREMENTS OF A FORMAL ALLIANCE, A LONG FRIENDSHIP AND A STRONG COOPERATIVE RELATIONSHIP. THE EMBARGO ISSUE HAS BECOME A PUBLIC BURDEN ON OUR BILATERAL RELATIONSHIP THAT MAKES FORWARD MOVEMENT IMPOSSIBLE. IT IS A BURDEN WHICH IS LIKELY -- IF NOT DEALT WITH -- TO LEAD TO A DETERIORATION OF RELATIONS THAT WILL HAVE EXTREMELY TROUBLESOME CONSEQUENCES FOR US, FOR TURKEY, FOR EUROPE AND FOR THE STABILITY OF THE EUROPEAN MEDITERRANEAN AND THE MIDDLE EAST.

STRENGTHENING NATO

THE EASTERN MEDITERRANEAN IS A JUNCTION POINT AT WHICH THREE AREAS OF CRUCIAL UNITED STATES INTEREST, NAMELY WESTERN EUROPE, THE SOVIET UNION AND THE MIDDLE EAST, CONVERGE. AMERICAN STRATEGIC INTERESTS IN THE AREA ARE LARGELY DEFINED BY THE STATE OF THIS GEOGRAPHIC INTERACTION. WE SEEK A STRONG AND EFFECTIVE NATO, AS REPRESENTED PRINCIPALLY BY GREECE AND TURKEY, AND BY OUR SIXTH FLEET, TO DISCOURAGE ANY THOUGHTS OF ADVENTURISM BY THE SOVIET UNION. WE ALSO SEEK TO MAINTAIN THE FRAGILE STABILITY IN THE MIDDLE EAST, AND TO ASSIST THOSE NATIONS WHICH ARE FORCES FOR STABILITY IN THE AREA. WE PURSUE THESE INTERESTS VIA ALLIANCES, SUCH AS NATO AND CENTO, AS WELL AS BY MAINTAINING SOUND BILATERAL RELATIONS WITH THE NATIONS IN THE REGION.

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THIS ADMINISTRATION IS COMMITTED TO A STRONG NATO, AND WE HAVE MADE SPECIFIC RECOMMENDATIONS IN NATO FOR A OVERALL PROGRAM TO UPGRADE ALLIED FORCES. HOWEVER, THE SITUATION IN THE SOUTHERN FLANK IS A MATTER OF SERIOUS CONCERN TO US AND TO NATO AS A WHOLE. AS YOU KNOW, THE GOVERNMENT OF

GREECE WITHDREW ITS MILITARY FORCES FROM NATO'S INTEGRATED MILITARY STRUCTURE IN 1974 AND HAS TIED ITS REINTEGRATION TO PROGRESS ON THOSE ISSUES WHICH IT FEELS FORCED THE GREEK DECISION TO WITHDRAW. IN THIS REGARD, WE WERE ENCOURAGED BY THE DIALOGUE BEGUN IN MONTREAX BETWEEN THE PRIME MINISTERS OF GREECE AND TURKEY.

RECENTLY, MOREOVER, SERIOUS DISCUSSIONS BETWEEN NATO AND GREECE HAVE OFFERED GROUNDS FOR OPTIMISM THAT A CLOSER RELATIONSHIP MAY BE DEVELOPED IN THE COMING MONTHS. IF THIS CONTINUING EFFORT IS SUCCESSFUL, IT WILL BE A MAJOR STEP TOWARD A HEALTHY NORMALIZATION OF GREECE'S PARTICIPATION IN NATO.

TURKEY, OF COURSE, REMAINS A FULL NATO MEMBER AND ITS GEOGRAPHIC POSITION IS CRITICAL TODAY -- AS IT HAS BEEN THROUGHOUT HISTORY. TURKEY BORDERS ON IRAN, IRAQ AND SYRIA TO THE EAST AND SOUTH, THE SOVIET UNION AND BULGARIA TO THE NORTH, AND GREECE TO THE WEST. TURKEY BORDERS THE BLACK SEA, THE AEGEAN AND THE MEDITERRANEAN, AND CONTROLS THE VITAL STRAITS BETWEEN THE BLACK SEA AND THE AEGEAN. TURKEY'S CONTINUING VITALITY, STABILITY AND MODERATION IS A POSITIVE ELEMENT IN THE DELICATE MIDDLE EAST EQUATION. TURKEY HAS A THOUSAND MILES OF LAND AND SEA BORDERS WITH THE SOVIET UNION, WHOSE MANY INTERESTS AND GROWING PRESENCE IN THE MIDDLE EAST AND THE EASTERN MEDITERRANEAN WOULD BE WELL SERVED IF TURKEY WERE TO LOOSEN HER TIES WITH NATO. TURKEY, HOWEVER, HAS REMAINED LOYAL TO THE ALLIANCE. AFTER THE UNITED STATES, IT SUPPLIES MORE GROUND FORCES TO NATO THAN ANY OTHER NATION, FORCES WHICH CURRENTLY PIN DOWN SEVERAL SOVIET DIVISIONS ON THE TURKISH BORDERS. YET  
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THE CAPABILITY AND READINESS OF TURKISH FORCES HAVE DETERIORATED DRAMATICALLY IN RECENT YEARS, AND AS A RESULT THERE ARE NOW SIGNS THAT GROWING NUMBERS OF TURKISH CITIZENS QUESTION THE BASIS FOR ITS RELATIONSHIP WITH THE WEST. A TURKISH DECISION TO REASSESS ITS SECURITY RELATIONSHIPS WOULD BE A SEVERE BLOW TO THE ALLIANCE AND THE BROADEST WESTERN INTERESTS.

#### THE CYPRUS PROBLEM

THIS ADMINISTRATION HAS, FROM ITS VERY FIRST DAYS, PLACED A HIGH PRIORITY ON THE ACHIEVEMENT OF A JUST SETTLEMENT OF THE CYPRUS PROBLEM. WE REMAIN COMMITTED TO THAT GOAL.

WE ARE COMMITTED TO THIS GOAL FOR TWO REASONS: FIRST, SO LONG AS CYPRUS IS DIVIDED AND ITS STATUS UNCERTAIN, IT PROVIDES TO THE WORLD -- AND TO THE AMERICAN PEOPLE -- A HUMANITARIAN ISSUE OF INTERNATIONAL DIMENSIONS; SECOND, SO LONG AS THE CYPRUS PROBLEM REMAINS UNSOLVED, AND GREEKS

AND TURKS VIEW EACH OTHER WITH ANTAGONISM ON THAT BEAUTIFUL BUT UNHAPPY ISLAND, THE STABILITY OF THE ENTIRE REGION REMAINS ILLUSORY, AND CONSTRUCTIVE, NEIGHBORLY RELATIONS BETWEEN GREECE AND TURKEY WILL BE IMPOSSIBLE.

IN SUPPORT OF OUR COMMITMENT TO THE CYPRUS SETTLEMENT, THE ADMINISTRATION HAS MADE EXTENSIVE EFFORTS DURING THE PAST YEAR TO ENCOURAGE REALISTIC AND MEANINGFUL NEGOTIATIONS BETWEEN THE PARTIES. THOSE EFFORTS, WHICH INCLUDE MEETINGS AND DISCUSSIONS BY HIGH-LEVEL US OFFICIALS WITH GREEK, TURKISH AND CYPRIOT COUNTERPARTS IN WASHINGTON, NEW YORK, LONDON, BRUSSELS, VIENNA, ATHENS, ANKARA AND NICOSIA, HAVE BEEN SET FORTH IN DETAIL BY THE PRESIDENT IN HIS BIMONTHLY REPORTS TO THE CONGRESS ON THE PROBLEM  
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AND BY ADMINISTRATION OFFICIALS IN TESTIMONY BEFORE THIS AND OTHER COMMITTEES OF THE CONGRESS. I WILL NOT REPEAT THEM HERE.

UNFORTUNATELY, DESPITE OUR OWN EFFORTS, AND OUR STRONG SUPPORT OF THE EFFORTS OF UN SECRETARY GENERAL WALDHEIM, THE TALKS HELD TO DATE HAVE NOT BEEN VERY PRODUCTIVE. THE PROBLEM INVOLVES MANY FACTORS, NOT ALL OF THEM AMENABLE TO AMERICAN WILL; A JUST SOLUTION WILL REQUIRE COMPROMISE, STATESMANSHIP AND FLEXIBILITY ON ALL SIDES. EXTERNAL EVENTS HAVE ALSO NOT FAVORED OUR EFFORTS. TURKEY HELD NATIONAL ELECTIONS IN JUNE, AND, IN ALL CANDOR, DURING MOST OF 1977 THE TURKISH GOVERNMENT WAS BURDENED WITH DIFFICULT COALITION PROBLEMS AS WELL AS MAJOR DOMESTIC ISSUES. THERE WAS THE UNTIMELY DEATH OF PRESIDENT MAKARIOS IN AUGUST, FOLLOWED BY A PERIOD OF INTENSE POLITICAL ACTIVITY ON CYPRUS, ENDING WITH THE INAUGURATION OF PRESIDENT KYPRIANOU THIS FEBRUARY. GREECE ALSO HELD NATIONAL ELECTIONS IN NOVEMBER. THESE DEVELOPMENTS HAVE NECESSARILY MEANT DELAYS AND DIFFICULTIES, THOUGH IN EACH CASE THE DELAYS AROSE FROM THE CONSTITUTIONAL PROCESSES OF DEMOCRATIC GOVERNMENTS.

THERE HAS BEEN SOME LIMITED PROGRESS DURING THE YEAR, MOST SIGNIFICANTLY THE GROWING CONSENSUS AS TO A FRAMEWORK FOR A SOLUTION. THE TWO COMMUNITIES IN CYPRUS, AS WELL AS THE GOVERNMENTS OF GREECE AND TURKEY AND, IN FACT, THE INTERNATIONAL COMMUNITY AS A WHOLE, ARE IN BROAD AGREEMENT WITH RESPECT TO THE FOLLOWING: FIRST, CYPRUS MUST REMAIN ONE NATION -- PARTITION HAS BEEN RULED OUT AS A VIABLE SOLUTION; SECOND, CYPRUS SHALL BE A FEDERATION; THIRD, THIS FEDERATION SHALL HAVE TWO ZONES, ONE GREEK AND THE OTHER TURKISH; FOURTH, THE TURKISH ZONE SHALL BE SUFFICIENT IN SIZE TO PROVIDE A VIABLE ENTITY FOR THE TURKISH CYPRIOT COMMUNITY BUT REDUCED IN SIZE FROM THE AREA NOW ADMINISTERED BY THE TURKISH SIDE; AND FIFTH, THE CONSTITUTION

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SHALL PROVIDE FOR MUTUALLY AGREED UPON RESPONSIBILITIES DIVIDED BETWEEN CENTRAL AND LOCAL GOVERNMENTS WITH ADEQUATE SAFEGUARDS RESPECTING THE RIGHTS OF INDIVIDUAL CYPRIOTS.

THE DIFFICULT TASK IS TO FORMALIZE THIS GENERAL AGREEMENT IN A WAY THAT THE PARTIES FEEL WILL BE ACCEPTABLE TO THEIR PEOPLE. AS A PART OF THIS EFFORT, THE GREEK CYPRIOT NEGOTIATORS TABLED A MAP IN VIENNA IN APRIL 1977 AND DESCRIBED THEIR CONSTITUTIONAL CONCEPTS. THE TURKISH CYPRIOTS OUTLINED SOME OF THEIR CONSTITUTIONAL IDEAS. HOWEVER, TRUE NEGOTIATIONS NEVER TOOK PLACE. NOW WE BELIEVE THERE IS A BETTER CHANCE FOR FORWARD PROGRESS. BUILDING UPON THE GENERAL PRINCIPLES DESCRIBED ABOVE, TURKISH PRIME MINISTER ECEVIT ANNOUNCED, UPON ASSUMING OFFICE, THAT RESOLUTION OF THE CYPRUS PROBLEM IS IN TURKEY'S NATIONAL INTEREST AND SHOULD BE ACHIEVED AS SOON AS POSSIBLE. THE TURKISH SIDE HAS BEEN ACTIVELY FORMULATING NEW PROPOSALS WHICH THEY BELIEVE WILL SERVE AS A BASIS FOR THE RESUMPTION OF ACTIVE INTERCOMMUNAL NEGOTIATIONS. THEY HAVE INDICATED THAT THEY ARE PREPARING BOTH A FORMAL CONSTITUTIONAL PROPOSAL THAT WILL GO BEYOND THE POSITION SKETCHED OUT LAST YEAR, AND ALSO THAT THEY WILL TABLE A CONCRETE TERRITORIAL PROPOSAL. WE HAVE RECEIVED ASSURANCES ON THE HIGHEST LEVELS FROM THE TURKISH GOVERNMENT THAT, IN THEIR VIEW, THESE PROPOSALS WILL BE SIGNIFICANT AND FORTHCOMING AND CONSTITUTE A BONA FIDE EFFORT TO INITIATE A ROUND OF MEANINGFUL NEGOTIATIONS. WE BELIEVE THAT WITH TWO THOUGHTFUL CONSTITUTIONAL AND TERRITORIAL PROPOSALS ON THE TABLE, COMBINED WITH SUFFICIENT GOODWILL AND A SENSE OF REALISM ON BOTH SIDES, THERE IS AN OPPORTUNITY THAT NEGOTIATIONS CAN PRODUCE REAL PROGRESS. WE INTEND TO REDOUBLE OUR EFFORTS IN

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THE COMING MONTHS TO ASSIST THE SECRETARY GENERAL IN MOVING THESE NEGOTIATIONS FORWARD. I MIGHT ADD THAT WE HAVE ALSO BEEN ENCOURAGED BY THE SUCCESSFUL SUMMIT MEETING BETWEEN PRIME MINISTERS ECEVIT AND CARAMANLIS, WHICH, WHILE NOT DIRECTLY RELATED TO CYPRUS, WILL HELP ESTABLISH A BETTER ATMOSPHERE IN THE REGION AND THUS HAVE A POSITIVE EFFECT ON THE CYPRUS NEGOTIATIONS.

#### RECOMMENDATIONS

UPON CONSIDERATION OF ALL RELEVANT FACTORS, WE BELIEVE THAT THE PURSUIT OF THE MAJOR U.S. INTERESTS IN THE EASTERN MEDITERRANEAN, WHICH I DESCRIBED EARLIER, CAN NO

LONGER BE DELAYED. AN IMPORTANT ELEMENT IN THIS MUST BE THE REBUILDING OF OUR RELATIONSHIP WITH TURKEY. IT SHOULD BE STRESSED THAT THIS, IN NO WAY, LESSENS OUR RESOLVE TO ACTIVELY HELP PROMOTE A CYPRUS SETTLEMENT THROUGH A MIXTURE OF EXISTING AND NEW APPROACHES. NEW GOVERNMENTS UPON TAKING OFFICE LOOK FOR WAYS TO OVERCOME DIFFICULTIES BY STARTING AFRESH. BOTH THIS ADMINISTRATION AND THE GOVERNMENT OF PRIME MINISTER ECEVIT ARE IN EFFECT NEW GOVERNMENTS AND HAVE HOPES OF REBUILDING OUR RELATIONSHIP BY SEEKING NEW SOLUTIONS AND APPROACHES. THE WORLD AS IT IS, THE EVENTS OF THE PAST SEVERAL YEARS, AND INHERITED POSITIONS, OF COURSE, COMPLICATE THE SEARCH FOR CLEAN BREAKS AND FRESH STARTS. NONETHELESS, OUR TWO GOVERNMENTS HAVE REVIEWED THE PRESENT DCA, WHICH WAS SIGNED MORE THAN TWO YEARS AGO, AND HAVE CONCLUDED THAT WHILE ITS TERMS ADEQUATELY PROTECT ESSENTIAL U.S. AND TURKISH INTERESTS, IT IS NOT THE IDEAL INSTRUMENT FOR REBUILDING OUR RELATIONSHIP. MOREOVER, THIS ONE DOCUMENT HAS BECOME -- TO AN EXCESSIVE DEGREE -- AN UNFORTUNATE SYMBOL OF PAST PROBLEMS AND UNSUCCESSFUL SOLUTIONS. WE BELIEVE THE TIME HAS COME TO DEMONSTRATE THAT OUR RELATIONSHIP WITH AND COMMITMENT TO TURKEY IS NOT LIMITED TO OR DEFINED BY THE TERMS OF AN AGREEMENT DRAFTED ALMOST THREE YEARS AGO. CONFIDENTIAL

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TO LEAVE THE STATUS OF THE DCA LINGERING WOULD, WE BELIEVE, RUN UNACCEPTABLE RISKS OF ACCELERATING THE PRESENT DETERIORATION IN U.S. BILATERAL RELATIONS WITH TURKEY, AND DIRECTLY THREATEN MAJOR U.S. AND EUROPEAN INTERESTS IN THE ENTIRE EASTERN MEDITERRANEAN REGION. THEREFORE, WE HAVE MUTUALLY AGREED WITH THE GOVERNMENT OF TURKEY TO RENEGOTIATE THE DEFENSE COOPERATION AGREEMENT TO SERVE OUR BILATERAL SECURITY INTERESTS IN A MANNER THAT THE TWO GOVERNMENTS CAN BE CONFIDENT WILL REFLECT THE BROADEST INTERESTS OF OUR TWO ALLIED DEMOCRACIES.

IT IS NOT EASY TO PREDICT WHEN NEW ARRANGEMENTS WILL BE CONCLUDED SINCE THE ISSUES ARE COMPLEX. HOWEVER, WE HAVE AGREED WITH THE GOVERNMENT OF TURKEY TO GIVE THIS EFFORT URGENT ATTENTION AND TO MOVE PROMPTLY TO IMPLEMENT THE NEW AGREEMENT AFTER IT IS CONCLUDED. OF COURSE, WE WILL BE CONSULTING CLOSELY WITH THE CONGRESS WITH RESPECT TO THESE NEW NEGOTIATIONS. EVEN AS WE ARE WORKING TOWARDS THESE LONG RUN SOLUTIONS, WE BELIEVE WE MUST DEAL WITH ISSUES OF IMMEDIATE CONCERN TO US AND THE REGION. WE ARE THEREFORE SUBMITTING IN THE FORM OF AN AMENDMENT TO THE SECURITY ASSISTANCE ACT PROPOSED LEGISLATION TO DEAL WITH THIS NEW SITUATION.

WE PROPOSE THE FOLLOWING WITH RESPECT TO TURKEY FOR FY 79:  
(1) TO PROVIDE FMS CREDITS OF 175 MILLION DOLS, SO THAT WE CAN HELP MEET THE MOST URGENT NEEDS OF THE TURKISH

MILITARY. THIS IS THE SAME AMOUNT AS WAS PROVIDED TO TURKEY LAST YEAR. (2) TO LIFT THE EMBARGO CONTAINED IN SECTION 620(X) OF THE FAA SO THAT WE CAN FULLY COOPERATE WITH TURKEY IN A MANNER CONSONANT WITH THE REQUIREMENTS OF AN ALLIANCE IMPORTANT TO OUR MUTUAL SECURITY. THIS  
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WOULD FACILITATE JOINT AND ALLIED DEFENSE PLANNING; ENHANCE ALLIED SUPPORT FOR TURKEY'S NATO NEEDS VIA THIRD COUNTRY TRANSFERS AND IMPROVED STANDARDIZATION; AND PERMIT THE DELIVERY OF ITEMS IMPOUNDED SINCE THE EMBARGO WAS PUT IN FORCE. (3) TO PROVIDE A SECURITY SUPPORTING ASSISTANCE LOAN OF 50 MILLION DOLS TO TURKEY AS A METHOD OF ASSISTING A DEMOCRATIC TURKEY RESOLVE ITS PRESENT DIFFICULT ECONOMIC DIFFICULTIES. THE PROCEEDS OF THIS LOAN WILL BE USED IN CONJUNCTION WITH THE STABILIZATION PACKAGE RECENTLY WORKED OUT BETWEEN TURKEY AND THE IMF.

FOR GREECE WE WOULD LIKEWISE CONTINUE THE LEVEL OF FMS CREDITS AT LAST YEAR'S LEVEL, THAT IS, 140 MILLION DOLS. THIS IS SOMEWHAT HIGHER THAN THE AMINISTRATION REQUESTED IN ITS BUDGET SUBMISSION AND REFLECTS OUR DESIRE TO MAINTAIN BOTH GREECE AND TURKEY AT LAST YEAR'S FMS CREDIT LEVELS. NO GRANT MILITARY ASSISTANCE WILL BE REQUESTED FOR EITHER COUNTRY UNTIL AFTER THE ISSUE OF THE BILATERAL DEFENSE AGREEMENTS HAS BEEN CLARIFIED.

THE LIFTING OF THE EMBARGO AND THE NEGOTIATIONS OF A NEW TURKISH AGREEMENT WILL PROVIDE A CORE OF STABILITY TO OUR BILATERAL RELATIONS AND ENABLE US TO ESTABLISH A RENEWED SENSE OF TRUST SO THAT WE MAY WORK TOGETHER TO RESOLVE IMPORTANT PROBLEMS. IT SHOULD BE CLEAR THAT THIS DOES NOT SIGNAL ANY SHIFT IN U.S. POLICY AS REGARDS GREEK-TURKISH DIFFERENCES. THEY ARE BOTH FRIENDS AND VALUED ALLIES. WE SUPPORT THEIR EFFORTS TO RESOLVE ALL PROBLEMS BETWEEN THEMSELVES IN A PEACEFUL FASHION. WE STRONGLY BELIEVE THAT OUR NATIONAL INTERESTS REQUIRE THE RESTORATION OF SOUND, NORMALIZED BILATERAL RELATIONSHIPS WITH TURKEY AND WITH GREECE, AND OUR PROPOSALS TODAY ARE MADE FOR THAT REASON.

THEY SHOULD HELP RESTORE A STABLE AND PEACEFUL ATMOSPHERE IN THE EASTERN MEDITERRANEAN SOMETHING WHICH WILL BENEFIT  
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ALL NATIONS IN THE REGION. IN THAT REGARD IT REMAINS THE POSITION OF THE UNITED STATES THAT THE BILATERAL DIFFERENCES WHICH EXIST IN THE AREA MUST BE SETTLED THROUGH PEACEFUL PROCEDURES AND THAT PROVOCATIVE ACTS SHOULD BE AVOIDED. THE UNITED STATES WOULD, OF COURSE, STRONGLY



OPPOSE A MILITARY SOLUTION AND WOULD MAKE A MAJOR EFFORT TO PREVENT SUCH A TRAGIC DEVELOPMENT.

IT HAS BEEN SUGGESTED THAT LIFTING THE EMBARGO, OR EVEN PROPOSING FURTHER MILITARY OR ECONOMIC ASSISTANCE FOR TURKEY, SHOULD BE DELAYED UNTIL SUCH TIME AS A FINAL CYPRUS SETTLEMENT IS ACHIEVED. THE ADMINISTRATION DOES

NOT SHARE THAT VIEW, AND DOES NOT, FOR THE IMPORTANT REASONS I HAVE OUTLINED, BELIEVE UNITED STATES NATIONAL INTERESTS WOULD BE SERVED BY SUCH A COURSE. THE ADMINISTRATION WILL CONTINUE TO MAKE EVERY EFFORT TO HELP BRING ABOUT A JUST SOLUTION TO THE CYPRUS PROBLEM. THE ACTION WE REQUEST TODAY IS NOT IN OUR VIEW INCONSISTENT WITH THOSE EFFORTS. WE BELIEVE IT CAN ACTUALLY FACILITATE THE NEGOTIATION PROCESS. WITH THE CYPRUS NEGOTIATIONS ENTERING A CRITICAL PERIOD, THE UNITED STATES CAN PLAY A MORE USEFUL ROLE IF WE ARE SEEN, BY ALL THE PARTIES, TO BE EVEN-HANDED IN OUR APPROACH. AN EMBARGO AGAINST ONE SIDE MAKES IT DIFFICULT TO PLAY THAT ROLE.

LET ME MAKE ANOTHER POINT ABOUT THE EMBARGO. SECTION 620(X) WAS IMPOSED BY THE CONGRESS TO DEMONSTRATE THAT ALL FACETS OF AGREEMENTS UNDERTAKEN WITH THE UNITED STATES GOVERNMENT MUST BE HONORED OR SERIOUS CONSEQUENCES FACED. THIS IS A POINT OF PRINCIPLE WHICH HAS HAD ITS IMPACT BOTH IN TURKEY AND THROUGHOUT THE WORLD -- DEMONSTRATING THE SERIOUSNESS WITH WHICH THE AMERICAN PEOPLE VIEW ANY CONFIDENTIAL

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UNAUTHORIZED USE OF OUR MILITARY EQUIPMENT. THE POINT WAS MADE DRAMATICALLY AND EFFECTIVELY. NOW THE TIME HAS COME TO LOOK FORWARD RATHER THAN BACK. CONTINUED MAINTENANCE OF THE EMBARGO WOULD BE HARMFUL TO U.S. SECURITY CONCERNS, HARMFUL TO NATO, HARMFUL TO OUR BILATERAL RELATIONS WITH TURKEY AND HARMFUL TO OUR ROLE AS A POTENTIAL CONTRIBUTOR TO A CYPRUS SETTLEMENT.

LET ME CONCLUDE WITH A BRIEF FACTUAL DESCRIPTION OF OUR RECOMMENDATIONS FOR ASSISTANCE TO CYPRUS FOR THE COMING YEAR.

AS YOU WILL HAVE NOTED, THE ADMINISTRATION IS REQUESTING 5 MILLION DOLS IN FY 1978 SECURITY SUPPORTING ASSISTANCE FOR CYPRUS AS A CONTRIBUTION TOWARDS THE RELIEF AND REHABILITATION OF DISPLACED PERSONS THERE. AS IN THE PAST, THESE FUNDS WILL BE PROPORTIONATELY DISTRIBUTED TO THE TWO ETHNIC COMMUNITIES ON CYPRUS, AND WILL BE EARMARKED FOR PROJECTS SUCH AS HOUSING CONSTRUCTION, HEALTH CARE AND VOCATIONAL EDUCATION, AGRICULTURAL DEVELOPMENT, AND LIMITED FOOD SUPPORT. SINCE FY 1975, THE U.S. HAS CONTRIBUTED A TOTAL OF 87.5 MILLION DOLS FOR CYPRUS RELIEF, AND OVER

9 MILLION DOLS ANNUALLY TO SUPPORT THE UNITED NATIONS  
PEACEKEEPING FORCES IN CYPRUS.

WE BELIEVE THAT THESE NEW FUNDS WILL BE EFFECTIVELY  
UTILIZED BY CYPRIOT AUTHORITIES FOR WORTHWHILE REFUGEE  
ASSISTANCE PROGRAMS, AND WILL UNDERScore OUR CONTINUING  
CONCERN FOR THE PEOPLE OF CYPRUS AND OUR STRONG INTEREST

IN PROMOTING NEGOTIATION OF A JUST AND LASTING SETTLEMENT  
ON THE ISLAND.

A SETTLEMENT OF THE CYPRUS PROBLEM, AND THE ADOPTION OF  
A NEW CONSTITUTION WITH THE CONCOMITANT CREATION OF TWO  
ZONES, WILL REQUIRE SOME SIGNIFICANT EXPENSES, INVOLVING  
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THE RESETTLEMENT OF PEOPLE, THE RETURN OF REFUGEES AND  
THE CREATION OF NEW FACILITIES. THIS ADMINISTRATION WISHES  
TO PLEDGE THAT, IN THE EVENT OF A SETTLEMENT, WE WILL  
REASSESS THE QUESTION OF ECONOMIC ASSISTANCE, AND ARE  
PREPARED TO REQUEST FROM THE CONGRESS ADDITIONAL AID TO  
ASSIST BOTH THE GREEK AND TURKISH CYPRIOT COMMUNITIES IN  
MAKING THE NECESSARY ECONOMIC, SOCIAL AND POLITICAL READ-  
JUSTMENT BROUGHT ABOUT BY A SOLUTION TO THIS TROUBLING  
PROBLEM. CHRISTOPHER

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## Message Attributes

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**Disposition Event:**  
**Disposition History:** n/a  
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**Review Content Flags:**  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014